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E.O. 12958: DECL: 03/25/2018
TAGS: [PGOV](#) [PREL](#) [BE](#)
SUBJECT: YVES LETERME FORMS NEW BELGIAN GOVERNMENT

Classified By: POLCOUNS LYNN GURIAN. REASONS 1.4 (B) AND (D).

¶1. (C) SUMMARY: Yves Leterme assumed office as Belgian Prime Minister March 22 amidst speculation about how long his government will last and how contentious will be the next wave of institutional reform talks. Leterme's Flemish nationalist election partner (NV.A) has given him until mid-July to propose significant state reforms, while the francophone Liberals are proclaiming a three year window for the reforms. With Karel De Gucht remaining as Foreign Minister, we expect good U.S.-Belgian bilateral relations to continue and anticipate no early surprises on the foreign policy front while Leterme hammers out domestic programs and gets up to speed on foreign policy issues. End Summary.

Despite Setbacks Leterme Takes the Reins

¶2. (U) Flemish Christian Democrat (CD&V) Yves Leterme, sworn in as Prime Minister on March 20, presented his program to Belgium's parliament the same day. After extended discussion over a 48 hour period, he received a vote of confidence from the House of Representatives on March 22.

¶3. (SBU) Leterme's road to the PM job has not been easy since his party's strong showing in the June 10, 2007, federal elections. Until the last minute, challenges to his PM candidacy continued, led at times by francophone Liberal (MR) President Didier Reynders and fueled by the refusal of Leterme's election partner, the nationalist New Flemish Alliance (NV.A), to participate in the interim government coalition. Leterme stepped up pressure on NV.A to endorse his government. While five of the six NV.A parliamentarians supported Leterme's government program, NV.A president Bart De Wever abstained, an anticipated "symbolic gesture." De Wever, displeased with the institutional reform package proposed by former Flemish Liberal PM Guy Verhofstadt ("stage one"), has said he will reserve his approval of Leterme's government until later, after weightier reform issues are negotiated ("stage two").

¶4. (C) Some political observers believe the collapse of government formation talks last year under Leterme was a huge personal setback for him, one that may diminish his political weight and leadership as Prime Minister. The failure to push through an institutional reform package strong enough to appease his nationalist ally, NV.A, as well as pass muster with the francophone parties, was largely responsible for torpedoing Leterme's initial formation efforts. While the widely divergent opinions between hardliners on the Flemish and francophone sides made it necessary for Leterme to abandon his early attempts to form a government, many point to his own gaffes as evidence of his lack of leadership and negotiation skills. (The biggest gaffes occurred on Belgium's National day, when Leterme could not remember why his country celebrated its national day on July 21 nor remember the French version of the national anthem, feeding suspicions that he is a closet Flemish nationalist.) In

addition, a rather taciturn, professorial style of conducting business has not endeared him to his francophone colleagues. Nonetheless, twelve of the twenty-two newly appointed ministers are francophone.

Leterme's Government Program

¶5. (U) Despite this prolonged political infighting, the interim governing coalition approved Leterme's government program and he presented it to parliament March 20, winning a vote of confidence from the House of Representatives March 22. The focus will be on the first batch of institutional reform measures proposed by Verhofstadt's interim government (stage one) as a jumping off point for the second stage of the institutional negotiations. Other domestic issues will center on tightening Belgium's immigration policy, creating 200,000 new jobs, and reviewing social welfare benefits and policy.

¶6. (SBU) The new government contains members of five parties from diverse ideological backgrounds: the francophone Socialists (PS), francophone/Flemish Christian Democrats (CdH/CD&V), and francophone/Flemish Liberal parties (MR/OpenVLD). The need to maintain support across the coalition's broad political spectrum required a degree of vagueness in the newly released program. The initial lack of substantive detail, and consequently, agreement on major policy issues, has caused many to publicly question the potential effectiveness and longevity of the Leterme government.

¶7. (SBU) On foreign policy issues, Leterme's government program is also a bit thin, focusing on support for EU expansion, including support for Turkey's EU accession without reservation, and support for trade liberalization. As Belgium prepares for its EU presidency in 2010, it intends to be "pro-active" in its support of international institutions. This sketchy program reflects Leterme's inexperience with foreign policy issues; as a former Minister President of Flanders his attention focused on domestic issues, particularly devolution of power to the regions.

Bilateral Relations/Continuing Verhofstadt's Legacy

¶8. (SBU) After months of ineffective government negotiations led by Leterme, the King tasked Verhofstadt in December with heading an "interim" cabinet through March 20, consisting of Belgium's two Liberal, two Christian Democratic, and francophone Socialist parties. As we head into "Leterme I", Verhofstadt departs for a year-long sabbatical to write a book and gear up for 2009 EU parliamentary elections. With Leterme a foreign policy novice and Karel De Gucht remaining as Foreign Minister, Leterme's foreign policy program is expected to bear Verhofstadt's handprint, at least for a while. While details on his foreign policy goals are sketchy at this point, Leterme's foreign policy advisers have told us they expect to follow the "Verhofstadt/De Gucht course" early on.

¶9. (SBU) Verhofstadt played an instrumental role in putting U.S.-Belgian relations back on track after the low point of spring 2003, taking a series of steps aimed at strengthening transatlantic ties, including making good on a pledge to nullify the effect on U.S. officials of the "Universal Competence" law (which, in its original form, opened the door to politicized legal action against U.S. officials). Verhofstadt has been a vocal critic of Iranian nuclear ambitions and a steady promoter of democratic aspirations in Eastern Europe, the Caucasus, and Central Asia.

¶10. (SBU) Under Verhofstadt's watch, Belgium exercised good leadership on issues involving Africa, particularly in the Sudan and the Congo. Belgium has also worked within EU councils to move the consensus on some issues, such as Iran

sanctions, in directions favorable to the U.S. He was one of the first supporters of Turkey's EU aspirations and propelled Belgium's early recognition of an independent Kosovo. Verhofstadt's political legacy will center on these efforts as well as his efforts at increased transatlantic cooperation while supporting European integration. Leterme, guided by FM De Gucht, is expected to follow this course, at least early on.

¶11. (C) Comment: Political observers already voice skepticism about the length and success of Leterme's government, wondering if it will survive the next round of institutional reform talks, scheduled to be completed by mid-July. Vice PM Reynders has openly rejected the need for a deadline, stating the government now has three years to work out reforms. Many believe resolution of the "tough issues," such as regionalization of the labor market or of corporate tax, demanded by Flemish socialists and conservatives, respectively, has merely been postponed and rough waters lay ahead because too many politicians on both sides of the language divide have made promises on institutional reform that they cannot redeem without near complete surrender by the other side. The possible presence at the negotiating table of Flemish nationalist N.V.A leader Bart De Wever and his francophone counterpart, Olivier Maingain of the Francophone Democratic Front (FDF), will not necessarily contribute to any easing of tensions, especially after Reynders' statement on timing. Nor will the presence at talks of CdH (francophone Christian Democrats) party president Joelle Milquet, whom Leterme blames for consistently arguing against any institutional reforms, make things easier.

¶12. (C) Although Leterme is untested at the federal level, we expect our good bilateral relations to continue, especially with FM De Gucht and Defense Minister Pieter De Crem staying on. We expect Belgium to remain committed to interpreting its mandate in as expansive a fashion as domestic politics will allow, particularly in promoting international security, human rights, and democracy programs. While domestic realities will not allow Belgian leaders to send troops to Iraq, we expect continued troop support in Afghanistan. Strong cooperation on counterterrorism and nonproliferation issues should continue and we will look for continued Belgian leadership in Africa.

¶13. (U) Biographical information on members of the new government will follow septel. A summary of Leterme's government program has been forwarded to the EUR-WE-BELGIUM desk. FOX